

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 3087 - HB 3135

March 1, 2010

SUMMARY OF BILL: Requires the Bureau of TennCare to designate an individual to be responsible for determining the subrogation interest and informing the plaintiff's attorney of such interest within 30 days. The designee will calculate the amount which the state would accept in the case to satisfy the state's interest. The plaintiff's attorney is responsible for notifying the court of the results of the attorney's contact with the Bureau of TennCare.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$342,200

Increase State Expenditures - \$68,400

Decrease Federal Revenue – Exceeds \$657,800

Increase Federal Expenditures - \$68,400

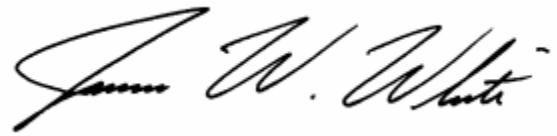
Assumptions:

- Currently, a plaintiff's attorney is responsible for initiating contact with the Bureau of TennCare regarding possible subrogation interest owed the state or to receive a waiver when there is not third party liability.
- According to the Bureau of TennCare, most recoupment of medical expenses is a responsibility of the managed care organizations (MCOs). The provisions of the bill would move the operation back to the Bureau of TennCare.
- TennCare will need an attorney and a paralegal in order to determine the subrogation interest and meet the 30 day requirement to inform the plaintiff's attorney of an amount the state will accept to settle the state's interest.
- These two positions are estimated to result in an increase in expenditures of \$136,856 which includes salaries (\$98,400), benefits (\$33,456), and administrative expenses (\$5,000). This increase in expenditures will receive a 50 percent federal match result in an increase in state expenditures of \$68,428 and federal expenditures of \$68,428.
- The Bureau estimates that there will be a decrease in the amount of revenue collected because it will be unaware of opportunities for collection due to the plaintiff's attorney no longer having to notify TennCare.

- While there are several unknown factors, TennCare estimates that revenue will decrease in an amount which exceeds \$1,000,000. Of the \$1,000,000 in lost revenue, \$342,200 would be state funds at a rate of 34.22 percent and \$657,800 would be federal funds at a match rate of 65.78 percent.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/kml